

CORRECTIONS TO NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1995, each agency shall begin the rulemaking process by 1st filing a Notice of Proposed Rulemaking, containing the preamble and the full text of the rules, with the Secretary of State's Office. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the Arizona Administrative Register.

Under the Administrative Procedure Act (A.R.S. § 41-1001 *et seq.*), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for adoption, amendment, or repeal of any rule. A.R.S. §§ 41-1013 and 41-1022.

Editor's Note: The following Preamble appeared along with the full text of rules in the July 12, 1996, issue of the Register. In that Preamble, the name of the building in which the public hearing will be held was incorrect. The address, along with all other information, was correct. We are reprinting the Preamble with the correct building name here. We apologize for any confusion this error might have caused.

NOTICE OF PROPOSED RULEMAKING

TITLE 15. REVENUE

CHAPTER 10. DEPARTMENT OF REVENUE GENERAL ADMINISTRATION

PREAMBLE

1.

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| <u>Sections Affected</u> | <u>Rulemaking Action</u> |
| R15-10-302 | Amend |
| R15-10-303 | Amend |
2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):
Authorizing statute: A.R.S. § 42-105
Implementing statute: A.R.S. § 42-137.02
3. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:
Name: Christie Comanita
Address: Tax Research & Analysis Section
Department of Revenue
1600 West Monroe
Phoenix, Arizona 85007
Telephone: (602) 542-4672
Fax: (602) 542-4860
4. An explanation of the rule, including the agency's reasons for initiating the rule:
In 1992, the Arizona Legislature enacted A.R.S. § 42-137.02 providing for the payment of tax by electronic funds transfer or other immediately available monies. The statute grants the Department of Revenue authority to require, by rule, the payment of any tax (except property and individual income tax) by electronic funds transfer if the taxpayer had a liability for such tax in the preceding tax year of \$20,000 or more. Initially, the Department was directed to require payment by electronic funds transfer, of withholding tax and corporate estimated income tax. The initial threshold for these taxes was an average quarterly withholding tax liability of \$100,000 or more in the prior tax year. The Department is authorized to prescribe, by rule, new taxpayers or threshold amounts. Taxpayers that do not meet the liability thresholds may voluntarily participate in the EFT program.

The Department lowered the tax liability thresholds to \$50,000 for withholding and corporate estimated income taxpayers in 1994. The proposed rule action amends the rules to lower the tax liability thresholds to \$20,000, effective January 1, 1997. The proposed amendments also provide for the addition of taxpayers who, pursuant to A.R.S. Title 42, Chapters 8, 8.1, 8.2, 8.3, 9.1., and 9.2, had an annual tax liability during the prior year of \$1 million or more to the requirement of remitting payment by an authorized means of transmission, effective July 1, 1997.
5. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:
Not applicable.

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6. The preliminary summary of the economic, small business, and consumer impact:

Identification of the Rulemaking:

The rules lower the tax liability thresholds for required and voluntary payment of taxes by means of electronic funds transfer. The rules also add taxpayers subject to tax pursuant to Title 42, Chapters 8, 8.1, 8.2, 8.3, 9.1, and 9.2, to the requirement for payment through electronic funds transfer.

Summary of Information in the Economic, Small Business, and Consumer Impact Statement:

Data used in preparation of the economic, small business, and consumer impact statement includes figures based on current EFT filers and the projected increase in the number of filers due to the lowering of the liability threshold and the addition of transaction privilege tax filers. Benefits will accrue to the state general fund. Compliance by entities not already required to remit by means of electronic funds transfer will necessitate a change in payment methods and may involve changes in processing and accounting systems. It is expected that the benefits of the rule will be greater than the costs.

7. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Christie Comanita, Tax Analyst
Address: Tax Research and Analysis Section
Department of Revenue
1600 West Monroe
Phoenix, Arizona 85007
Telephone: (602) 542-4672
Fax: (602) 542-4860

8. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Oral proceedings at which members of the public may appear and make comments regarding the rules or the economic, small business, and consumer impact statement will occur as follows:

Date: August 13, 1996
Time: 9:30 a.m.
Address: State Capitol Executive Tower
1700 West Washington
Grand Canyon Room, Basement
Phoenix, Arizona
Nature: Public hearing

A person may submit written comments regarding the proposed rule by submitting the comments no later than 5 p.m., August 13, 1996, to the person listed above.

9. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None.

10. Incorporations by reference and their location in the rules:

None.